

**VENTURE CAPITAL ENHANCEMENT ACT  
IMPLEMENTATION  
(Act takes effect July 1, 2003)**

**I. Legislative issues were addressed through revisions during the 2003 special session.**

**II. The Utah Capital Investment Board.**

- a. The Utah Capital Investment Board has been selected and sat.
- b. Establish Board criteria and procedures
  - i. for the allocation and issuance of contingent tax credits to designated investors by means of certificates issued by the board in compliance with § 9-2-1906(2);
  - ii. for assessing the likelihood of future certificate redemptions by designated investors, including:
    - 1. criteria and procedures for evaluating the value of investments made by the Utah fund of funds; and
    - 2. the returns from the Utah fund of funds;
  - iii. for registering and redeeming contingent tax credits by designated investors holding certificates issued by the board in compliance with § 9-2-1906(4).
  - iv. regarding a target rate of return or range of returns on venture capital investments of the Utah fund of funds;
  - v. governing commitments obtained by the board from designated purchasers including:
    - 1. entering into commitments with designated purchasers; and
    - 2. drawing on commitments to redeem certificates from designated investors. [§9-2-1906(1).]
- c. Adopt rules:
  - i. governing the form, issuance, and redemption of certificates in consultation with the State Tax Commission as required by § 9-2-1918; and
  - ii. any rules desired for conduct of the Board's affairs as allowed by §9-2-1906(1)(g).
- d. Adopt placement fee, if desired. [§9-2-1906(3).]
- e. Initiate record keeping for annual report. [§9-2-1906(5).]

**III. Set up Utah Capital Investment Corporation.**

- a. Articles of Incorporation have been filed and approved
- b. Select Appointment Committee. DBED Board did appoint 3 individuals, which have made recommendations for the five members that will make up the Utah Capital Investment Corporation board of directors.
- c. Elect initial board of directors, the 3-member steering committee has made recommendations and invitations have been extended for the five

members that will make up the Utah Capital Investment Corporation board of directors. The steering committee is awaiting responses.

- d. Prepare other organizational documents. Bylaws etc.
- e. Define conflict of interest restrictions and include in organizational documents. [§02-1909(6).]

**IV. Organizational functions to be performed by Corporation.**

- a. Select Investment Manager through national solicitation for proposals and in compliance with requirements of § 9-2-1910.
- b. Arrange financing for Corporation.
  - i. set fee charged to fund of funds for investment manager
  - ii. set fee charged to fund of funds for reasonable and necessary costs of Corporation. [§§9-2-1911(1) & (2).]
  - iii. apply for IAF assistance, if desired. [§9-2-1911(3).]
  - iv. organize and set up redemption reserve account. [§9-2-1914.]
- c. Organize the Utah fund of funds. [§9-2-1913.]
- d. Select investments in compliance with §§9-2-1915 and 1916.

**V. Annual audits to be performed by or under the direction of the State Auditor.**